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Message Text

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65
ACTION AID-059

INFO OCT-01 EUR-12 EA-06 ISO-00 EB-07 L-03 IGA-01 TRSE-00

/035 W
---------- 022646
R 311713Z JUL 75
FM AMEMBASSY BONN
TO SECSTATE WASHDC 1845
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY MANILA
AMEMBASSY OTTAWA
AMEMBASSY TOKYO
AMEMBASSY VIENTIANE
AMEMBASSY WELLINGTON

C O N F I D E N T I A L BONN 12420

E.O. 11652: GDS
TAGS: EAID, EFIN, LA, US, GW
SUBJECT: CONTINUING US PARTICIPATION NAM NGUM II

REF: STATE 175058

1. EMBOFF DISCUSSED FINANCING NAM NGUM PROJECT AND PROBLEMS OF CARRYING ON AT PRESENT TIME WITH LAOTIAN AID PROJECTS IN GENERAL WITH TRUHART OF SOUTH-EAST ASIAN DESK OF FOREIGN OFFICE AND WITH KILLINGER OF SOUTHEAST ASIAN DESK OF MINISTRY FOR ECONOMIC CO-OPERATION. EMBOFF STRESSED THAT US HAS NOT YET MADE ANY DECISIONS ON POSSIBLE US WITHDRAWAL FROM PROJECT, BUT THAT RECENT ADB REPORT ON MAY 22-27 MISSION TO LAOS HAS HEIGHTENED OUR CONCERN ABOUT CHANCES FOR LONG-TERM VIABILITY OF PROJECT.

2. DESPITE PROBLEMS ENCOUNTERED BY FRG AID PROGRAM IN LAOS, BOTH FRG OFFICIALS STATED THAT IT WAS FIRM FRG POLICY TO CARRY THROUGH WITH PROJECTS ALREADY STARTED, AS LONG AS A GOOD CHANCE REMAINED TO ACHIEVE
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THE ORIGINAL PURPOSE OR GOAL. FRG THEREFORE TENDS

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TO CONTINUE WITH ITS PORTION OF PROJECT, I.E. THE CONSTRUCTION OF TRANSMISSION LINES AND SUBSTATIONS LINKING NAM NGUM WITH VIENTIANE AND THAI BORDER.

3. KILLINGER EXPLAINED THAT FRG HAD ORIGINALLY PROVIDED DM 11.5 MILLION FOR TRANSMISSION LINES AS A BILATERAL PROGRAM TIED IN TO ADB-MANAGED PROJECT. ADDITIONAL DM 5.6 MILLION RECENTLY APPROVED FOR COST OVERRUNS. ABOUT THREE WEEKS AGO FRG AMBASSADOR (RESIDENT IN BANGKOK) SIGNED NEW DM 15 MILLION AID AGREEMENT IN VIENTIANE PROVIDING FOR DM 9.4 MILLION IN COMMODITY AID AS WELL AS DM 5.6 FOR NAM NGUM. AT TIME OF SIGNING, NEW LAO FOREIGN MINISTER MADE POINT OF STRESSING LAOTIAN INTEREST IN CONTINUING FRIENDLY COOPERATION WITH FRG. SO LONG AS IT IS POSSIBLE, FRG WANTS TO MAINTAIN ACTIVE ROLE IN LAOS. KILLINGER HOPES US ON ITS PART WILL NOT ABANDON EFFORTS TO KEEP A DOOR OPEN IN LAOS TO WESTERN INFLUENCE. HE UNDERSTANDS WHY WE MIGHT STOP CONTRIBUTIONS TO FEOF, BUT HOPES WE WILL NOT STOP OUR INVOLVEMENT IN NAM NGUM PROJECT. PROJECT ITSELF IS SOUND, A GOOD DEAL OF MONEY AND EFFORT HAVE ALREADY BEEN PUT INTO IT, AND COLLAPSE OF PROJECT AT THIS POINT WOULD SURELY DRIVE LAOS FURTHER INTO SINO-SOVIET BLOC.

4. KILLINGER SAID THAT WORK HAS NOT YET BEEN STARTED ON TRANSMISSION LINES. SCHEDULE FOR PUTTING THEM UP WILL BE COORDINATED WITH ACTUAL PROGRESS AT NAM NGUM SITE. SIEMENS IS ENGAGED IN SEPARATE PROJECT INVOLVING ELECTRIFICATION OF VIENTIANE. THIS PROJECT RAN INTO PROBLEMS DURING MAY EVENTS, BUT SIEMENS HAS NOT STOPPED WORK ON IT. HILLENBRAND

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